

7-29-1992

## White House Resident Doesn't Affect Economy, UD Finance Professor Finds

Follow this and additional works at: [https://ecommons.udayton.edu/news\\_rls](https://ecommons.udayton.edu/news_rls)

---

### Recommended Citation

"White House Resident Doesn't Affect Economy, UD Finance Professor Finds" (1992). *News Releases*. 7712.  
[https://ecommons.udayton.edu/news\\_rls/7712](https://ecommons.udayton.edu/news_rls/7712)

This News Article is brought to you for free and open access by the Marketing and Communications at eCommons. It has been accepted for inclusion in News Releases by an authorized administrator of eCommons. For more information, please contact [frice1@udayton.edu](mailto:frice1@udayton.edu), [mschlangen1@udayton.edu](mailto:mschlangen1@udayton.edu).



# *The University of Dayton*

## *News Release*

July 29, 1992

Contact: Rosemary Harty

### **WHITE HOUSE RESIDENT DOESN'T AFFECT ECONOMY, UD FINANCE PROFESSOR FINDS**

DAYTON, Ohio -- Republican presidents are supposed to be pro-business.

Democrats, according to their critics, have "tax-and-spend" policies that hurt the economy.

But when it comes to three economic indicators, very little differences in the performance of the economy under GOP and Democratic administrations can be found in modern times, said Bernard J. Winger, professor of finance at the University of Dayton.

Winger looked at economic growth as measured by the gross national product (GNP), inflation, and stock returns during each year and the average of complete terms of U.S. presidents since Harry S Truman in 1947.

"Some of the old conventional wisdom still seems popular," Winger said. "But the evidence doesn't really support these beliefs."

Winger found:

- In GNP, Winger found Democratic presidents showed a considerably higher average rate of growth, 4.1 percent versus 2.4 during the terms of their Republican counterparts. In six of seven Republican presidents, a drop in the GNP is recorded in the second year in office. (Only Reagan, in his second term, escaped the second-year drop.)
- Inflation: Democrats showed a slightly higher inflation rate (4.5 percent versus a

- more -

OFFICE OF PUBLIC RELATIONS

300 College Park Dayton, Ohio 45469-1679 (513) 229-3241 FAX: (513) 229-3063



## FINANCE: Page 2

Republican 4.1 percent), but Winger says the difference is not statistically significant. "There is a hint of a pattern, though," Winger said. Inflation rises in the first three years of Democratic presidents but falls in the first three years of Republican presidents.

"Very weak evidence suggests that Republicans are inflation fighters during their terms in office; however it would be stretching the point to argue that they fight Democratic-induced inflation."

Relatively high rates in Bush's first two years, for example, must be traced to Reagan, not Carter.

- The stock market: There is virtually no difference between the two parties. Stock returns as measured on the Standard & Poors 500 stock index averaged 13.4 percent for the Democrats and 13.3 percent for the Republicans.

Winger found two interesting patterns in stock returns as measured by year in office. The third year in office for each party showed the highest average returns -- up to 21.9 percent in the third year of Republican presidential terms. All the negative returns are found in the first two years of all administrations. A caveat: Republican presidents also averaged the lowest average stock market return (3.4 percent) in the first year in office.

But Winger doesn't advise playing the stock market based on these statistics. "It's interesting, but are there explanations? Or is the pattern a quirk?"

Winger concluded that his informal study provides only weak support for arguments favoring one political party over the other on economic grounds. "Perhaps the economic policies share far more similarities than differences, despite political rhetoric to the contrary," Winger said.